

Message Text

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FOL KUWAIT 4865 SENT ACTION SECSTATE USDOC WASHDC INFO
ABU DHABI BEIRUT DHAHRAN DOHA JIDDA NANAMA TEHRAN NOV 13;
REPEATED TO YOU QUOTE

UNCLAS KUWAIT 4865

EO 11652: NA

TAGS: BEXP KU

SUBJ: ON DOING BUSINESS IN KUWAIT IN 1974 AND BEYOND

1. AS DEPARTMENT AWARE KUWAIT, LIKE MOST OF ITS NEIGHBORS,
CURRENTLY INUNDATED WITH FOREIGN BUSINESSMEN AND BANKERS, MANY
OF THEM AMERICAN. THIS SITUATION SEEMS TO BE MAKING MANY KUWAITI
OFFICIALS AND BUSINESSMEN MUCH MORE SELECTIVE AND DISCRIMINATING
REGARDING WHOM THEY WISH TO SEE. NOT AS EASY AS IT ONCE WAS TO
MAKE APPOINTMENTS. KUWAITI PATIENCE WITH MARGINAL BUSINESSMEN,
MIDDLEMEN AND OTHERS WHOSE PURPOSE UNCLEAR GROWING THIN.
MOREOVER, THEY ARE BECOMING INCREASINGLY CRITICAL OF
REPRESENTATIVES OF EVEN TOP COMPANIES IF THOSE INDIVIDUALS
DISPLAY EMBARRASSING IGNORANCE OF LOCAL MARKET OR PRACTICES.

2. IN EFFORT ASSIST US BUSINESSMEN INTERESTED IN DOING BUSINESS

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HERE WE OFFER FOLLOWING TIPS AND REQUEST THAT STATE AND COMMERCE

OFFICERS BEING THEM TO ATTENTION OF SUCH BUSINESSMEN.

3. TO EXTENT POSSIBLE AMERICAN BUSINESSMEN SHOULD BE ADVISED TO AVOID FOLLOWING: (A) THE ULTRA-QUICK IN-AND-OUT VISIT, PARTICULARLY WHEN IT IS COMBINED WITH A GENERALLY FLIP "DO-YOU-REALIZE-HOW-IMPORTANT-WE-ARE" ATTITUDE. HOWEVER EFFECTIVE IT MAY BE ELSEWHERE, IT DOES NOT WORK HERE. (B) MIDDLE-MEN. ONE LOCAL INDUSTRIALIST CRITICIZES EVEN THE USE OF KUWAITI MIDDLE-MEN. IT TRUE MIDDLEMEN OFTEN PLAY USEFUL ROLE, BUT IN GENERAL KUWAITI END-USERS, INCREASINGLY WANT TO DEAL DIRECTLY WITH MANUFACTURER OR TURN-KEY CONTRACTOR. (C) BAKHSHEESH; EVEN IF IT IS PART OF DOING BUSINESS, AMERICAN BUSINESSMEN SHOULD AVOID RAISING SUBJECT SINCE IT OFTEN TENDS TO DISCREDIT THEM PARTICULARLY WITH LARGEST INDUSTRIAL OR GOK POTENTIAL CLIENTS.

4. TO EXTENT POSSIBLE FOLLOWING SHOULD BE DONE: (A) PERSONAL VISIT HERE OF AMERICAN RPT AMERICAN COMPANY OFFICER WITH FOLLOW-UP VISITS. (B) SPECIFIC PROPOSALS SHOULD BE PRESENTED. (C) HOMEWORK. BUSINESSMEN SHOULD BE PREPARED TO DISCUSS TAX, LABOR AND OTHER ASPECTS OF PROPOSAL. ONE MAJOR DEAL FELL THROUGH WHEN IT BECAME APPARENT AMERICAN COMPANY DID NOT HAVE AND PROBABLY COULD NOT GET PERMIT TO BUILD FACILITY IN QUESTION IN US. IN PROCESS CREDIBILITY OF FIRM SEVERELY DAMAGED. (D) RESPECT FOR KUWAITI'S ABILITY AS BUSINESSMAN. REASONABLE QUID PRO QUO OR PROFIT MUST BE OFFERED. SURPRISINGLY THIS OFTEN NOT DONE. (E) PATIENCE. THIS MAY BE MOST DIFFICULT OF ALL, BUT IN KUWAIT AT LEAST IT OFTEN TAKES TIME FOR NEW COMPANIES TO BE FORMED, APPROVED, ETC, BUT TIME IT TAKES TO CONCLUDE PROCESS DOES NOT INDICATE BY ITSELF LACK OF INTEREST AMONG KUWAITI ENTREPRENEURS.

5. COMMENT: POINTS NOTED ABOVE HAVE BEEN BROUGHT TO OUR ATTENTION OFTEN RECENTLY BY LOCAL BUSINESSMEN. WE AGREE THAT THEY ADD TO DIFFICULTY OF DOING BUSINESS HERE. MUST BE KEPT IN MIND, HOWEVER, THAT JAPANESE AND OTHER COMPETITORS SOMEHOW SEEM TO BE ABLE TO MEET THESE CRITERIA. IN FACT, SO DO SUCCESSFUL AMERICAN COMPANIES. KUWAITIS, IT SEEMS, ARE MORE SOPHISTICATED BUSINESSMEN THAN MANY AMERICANS NEW TO AREA REALIZE. THIS FACT SHOULD BE RECOGNIZED, HOWEVER, AND MARKETING STRATEGY OF AMERICAN FIRMS ADJUSTED ACCORDINGLY. STRONGEST PLUS FOR AMERICANS IS GENERAL UNCLASSIFIED

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AND STRONG DESIRE AMONG KUWAITIS TO DO BUSINESS WITH US. AMERICAN BUSINESSMEN CAN HELP THEMSELVES IN KUWAIT AT LEAST, IF THEY AWARE OF POINTS NOTED ABOVE. WE SHALL BE MAKING THEM TO THOSE BUSINESSMEN WE BRIEF AND RECOMMEND THAT OTHERS ELSEWHERE DO SO ALSO AS SERVICE TO US BUSINESS COMMUNITY. STOLTZFUS UNQUOTE INGERSOLL

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